



THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

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July 25, 2011

William F. Welch
Clerk of the Senate
State House, Room 335
Boston, Massachusetts 02133

Steven James
Clerk of the House of Representatives
State House, Room 145
Boston, Massachusetts 02133

RE: Report Concerning Solar Construction, Ownership and Operation

Dear Clerks Welch and James:

Pursuant to Section 94 of chapter 169 of the Acts of 2008, known as the Green Communities Act ("Act"), the Massachusetts Department of Public Utilities ("Department"), in consultation with the Department of Energy Resources ("DOER"), hereby submits its report concerning the effects of allowing electric and distribution companies to construct, own and operate solar generation facilities under Section 58 of the Act.

I. INTRODUCTION

The stated purpose of the Green Communities Act is to provide for renewable and alternative energy and energy efficiency in the Commonwealth. St. 2008, c. 169. In furtherance of this purpose, Section 58 of the Act allows electric and distribution companies to construct, own and operate generation facilities that produce solar energy. Under Section 58, an electric or distribution company is limited to owning or operating not more than 25 megawatts ("MW") of solar generation facilities before January 1, 2009, and 50 MW after

January, 1, 2010. Further, Section 58 provides that to recover the construction costs of a solar generation facility, a company must obtain prior approval for cost recovery from the Department. Finally, Section 58 directs the Department, in conducting its review of a petition for prior approval of cost recovery, to determine whether the proposal is consistent with the Commonwealth's energy policy and could be used to satisfy, in part, the renewable energy portfolio standard requirements contained in G.L. c. 25A, § 11F.

Sections 59 and 122 of the Act repeal Section 58 on June 30, 2012. Electric and distribution companies are, however, allowed to continue to own and operate solar generation facilities after June 30, 2012.

Section 94 of the Act directs the Department, in consultation with DOER, to review and assess the effects of allowing electric and distribution companies to construct, own and operate solar generation facilities. The report must be filed with the Joint Committee on Telecommunications, Utilities and Energy, and the House and Senate Committees on Ways and Means, as well as the Clerks of the Senate and House of Representatives not later than June 30, 2011. Specifically, the Act directs the Department and DOER to include any legislative and regulatory recommendations including, but not limited to, continuation, expansion or elimination of any provisions of Section 58 of the Act.

II. SOLAR GENERATION PROPOSALS

Three of the Commonwealth's four distribution companies have filed proposals with the Department under Section 58.^{1 2} Together, the proposals represent eleven MW of capacity. To date, approximately 5.2 MW are in service.

A. Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid

On October 23, 2009, the Department approved National Grid's petition to construct, own and operate approximately five MW of solar generation capacity on five company-owned properties in Massachusetts. Four of these sites -- located in Dorchester, Everett, Haverhill and Revere -- are former manufactured gas locations, which have undergone environmental remediation. Given the environmental restrictions and southern exposures of the sites, the Company determined each to be a good host for a solar generation facility. The fifth site is on

¹ NSTAR Electric Company has not filed a proposal with the Department under Section 58.

² On November 6, 2009, the Department granted the motion of Fitchburg Gas and Electric Light Company d/b/a Unitil to withdraw its proposal (see § II.C, below).

the roof of the company's New England Distribution Center ("NEDC") on the Sutton/Northbridge town line.

To date, National Grid has approximately 3.4 MW of solar generation capacity in service. The facility at the NEDC site went into service on June 29, 2010, and has a capacity of 983 kilowatts ("kW"). On December 21, 2010, the 605 kW facility in Everett went into service. The 750 kW Revere facility and 1,016 kW Haverhill facilities were put into service on December 31, 2010. National Grid expects the Dorchester facility to be operational by the end of summer 2011.

B. Western Massachusetts Electric Company

On August 12, 2009, the Department approved Western Massachusetts Electric Company's petition to construct, own and operate approximately six MW of solar generation capacity. In selecting sites for its facilities, the company will target: (1) landfills; (2) brownfields;³ (3) large commercial facilities; (4) government buildings; (5) utility properties; and (6) high-visibility properties.

In November 2010, Western Massachusetts Electric Company completed construction of a 1.8 MW solar generation facility, which is sited on eight acres of brownfield property in Pittsfield. The Company has commenced construction on its 2.2 MW facility in Springfield and anticipates that it will be completed later in 2011. This facility will cover approximately twelve acres of brownfield property. The company is presently reviewing prospective sites for its next solar generation project.

C. Fitchburg Gas and Electric Light Company d/b/a Unitil

On July 23, 2009, Unitil filed with the Department a proposal for a solar generation pilot program whereby the company would: (1) construct, own, and operate approximately 100 kW of solar generation on residential, municipal, commercial, industrial, and Unitil-owned sites; and (2) develop and implement a solar photovoltaic system installer certification curriculum to be offered in coordination with Fitchburg State College. Following a technical conference, conducted by the Department and open to the parties to the proceeding, Unitil, on November 5, 2009 filed a motion to withdraw its filing. Unitil's motion was granted on November 6, 2009.

³ Generally, a brownfield is a site that has been previously used for industry and may be contaminated or need extensive cleaning.

III. SUMMARY

Under Section 58, the Commonwealth's distribution companies could construct, own and operate up to 200 MW of solar generation capacity. To date, five solar facilities, having a combined capacity of 5.2 MW have been constructed pursuant to Section 58. Based on this level of involvement by the distribution companies, the Department and DOER find that the solar initiative under Section 58 is too early in its development and deployment to produce significant evidence of success or failure or to allow for an effective analysis. However, we do note several positive impacts of this initiative to date. First, these solar installations will begin to make a contribution to the Governor's goal of building 250 MW of solar generation in the Commonwealth by 2017. Second, many of the sites used by the distribution companies to locate the solar generation facilities are brownfields, which have limited potential for certain types of development. And third, the operation of these solar facilities may assist the companies in meeting their obligations for the solar carve-out under the renewable portfolio standard, rather than through alternative compliance payments.

IV. CONCLUSION

Because the solar initiative under Section 58 is in its early stages, the Department and DOER recommend legislative action to extend the termination of the provisions of Section 58 until June 30, 2014. With this extension, we expect to obtain additional information to allow for a more thorough analysis. In connection with this extension, the Department and DOER request the opportunity to file a supplemental report, consistent with the directives of Section 94 of the Act, no later than June 30, 2013.

Very truly yours,

/s/

Ann G. Berwick, Chair

cc: Senator Stephen M. Brewer, Chair, Senate Committee on Ways and Means
Senator Benjamin B. Downing, Chair, Joint Committee on Telecommunications,
Utilities and Energy
Representative Brian S. Dempsey, Chair, House Committee on Ways and Means
Representative John D. Keenan, Chair, Joint Committee on Telecommunications,
Utilities and Energy
Commissioner Mark Sylvia, Department of Energy Resources